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2007 AMERICA'S 50 HOTTEST CITIES: Perception Is a Critical Factor in Attracting Expanding Companies

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Our annual poll of 80 prominent corporate site location experts give us their list of the best places to expand or relocate a business.

[2/18/2007] By: Ken Krizner, Managing Editor [Related Link...](#)



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Companies that are contemplating an expansion or relocation of their manufacturing facility, headquarters or back office operations have a certain set of criteria they use to make the most informed decision possible.

It is one of the most important decisions a company can make. It will impact your company — positively or negatively — for years to come. Quite frankly, if you make the wrong decision, you might find it hard to recover.

Companies often employ the services of a site location consultant to do the heavy lifting of expansion projects. Using the company's criteria, the consultant goes out and develop a list of potential candidate-cities for the project.

As the list of potential sites narrows to the final two or three, you'll likely find that each one ranks very highly in your criteria — the tangible. So, how do you choose the very best site based on your company's expansion needs?

At this point it comes down to perception — the intangible. How does a particular city feel to the executive who ultimately has to make the decision of where to expand or relocate?

Perception is a very important aspect of the site location project, and it is precisely why Expansion Management has, since 1999, presented the America's 50 Hottest Cities listing.

Unlike our other research studies and rankings, this is a poll is based strictly on perceptions, rather than cold, hard data. We asked 80 prominent site location consultants, based upon their experiences during the past two to three years (and those of their clients), to list their choices for the nation's best cities for expanding and relocating companies. We asked the consultants to rank the metro areas according to such factors as business environment, work force quality, operating costs, incentive programs, work force training programs, and the ease of working with the local political and economic development community.

The goal is to get their impressions as to which cities are the hottest in terms of attracting expanding and relocating companies. As in the past, the identity and responses of the

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Q:
Why do world-class companies choose Luxembourg for their European location?

A:
Pro-business Policies
Competitive Tax Structure
Highly Skilled Multilingual Labor Force

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consultants are kept strictly confidential.

The consultants are asked to consider all 362 Metropolitan Statistical Areas as defined by the Office of Management and Budget. Therefore, the cities that comprise America's 50 Hottest Cities are in the top 14 percent all metros in the United States. Simply making this list means that these metros, in the eyes of the premier site location consultants, are in the upper tier of cities for expansion and relocation opportunities.

Unlike in previous years, this year's 50 Hottest Cities list is presented alphabetically because, in the opinion of both the editors and the site location consultants, focusing strictly on a numerical ranking diminishes the importance of simply making the list.

The Importance of Perception

Nobody knows better than the cities themselves that perception is an important site location consideration to business executives. Cities also know it is important to have good relationship with the consultants who often represent these executives.

"The Greater Dallas Chamber has found great success with its partnership with site location consultants," said Mike Rosa, vice president of economic development for the organization. "The relationships we have built with consultants across the nation have put the Dallas/Fort Worth area on the top of their lists. When meeting one on one with consultants, we are able to present our region's known and unknown assets — thus positioning us at the top of the consultants list."

The Dallas metro, the fourth-largest metropolitan region in the country, has become an attractive location for prospering companies. Among the attributes it pitches to consultants is its central location, competitive operational costs, work force and business-friendly attitude, Rosa said.

"Cities within the DFW area cooperate and coordinate together, recognizing the economic benefit is shared among us," he pointed out.

The Greater Dallas Chamber has supported projects that have resulted in more than 12,000 direct and 33,000 total jobs to the region through expansion and relocations during the past year.

Fidelity Investments and Torchmark have established expansion projects in the metro during the past several months.

In early February, Fidelity Investments announced its plans to expand and build a new state-of-the-art, 600,000 square foot building at the company's Westlake campus. The expansion was made possible, in part, by an \$8.5 million grant from the Texas Enterprise Fund (TEF).

The company currently employs more than 3,400 workers in Texas, 2,800 of whom are based in Westlake.

The TEF was a key factor in Fidelity's decision. The company considered several sites outside of Texas before choosing to site the project in Westlake.

"The Dallas-Forth Worth area offers the strong demographic profile that Fidelity considers important when making location decisions, including a highly talented and growing work force, a strong business and community environment, and an opportunity to expand operations to get closer to many of our customers and clients," said Fran Eichorst, vice president and site manager for Fidelity Texas. "The significant commitment and support from the Texas Enterprise Fund, along with the support of the town and county, were essential in making the final decision."

Late last year, Torchmark Corp. opened its new corporate offices in McKinney, relocating from Birmingham, Ala. The relocation is expected to create 500 jobs.

Torchmark, a Fortune 1,000 company, specializes in selling life and supplemental health insurance and had \$14.8 billion in assets and \$3.1 billion in revenues in 2005.

TEF also provided financial incentives in support of the move.



Knoxville, San Antonio see Growth

Relationships with site location consultants are also an important aspect of the Knoxville metro area's ability to attract expanding and relocating companies.

"Site selection consultants account for a significant percentage of business projects for the [region]," said Allen Neel, president and CEO of the East Tennessee Economic Development Agency. "They also provide us with excellent information about industry trends."

The 16-county Knoxville-Oak Ridge metro bills itself as Innovation Valley. A big part of that is the University of Tennessee and Oak Ridge National Laboratory.

A \$2.5 million business incubator center under construction on the University of Tennessee's main campus in Knoxville will help technologies developed at the university and at nearby Oak Ridge National Laboratory take the next step toward commercialization.

The Center, one of three high-tech support projects now underway in the Knoxville-Oak Ridge Innovation Valley, is funded by Knox County, the University of Tennessee, the state of Tennessee, Tennessee Valley Authority, Knoxville Utilities Board and the U.S. Economic Development Administration.

Other high-tech infrastructure projects include a tech park that combines retail and residential components to be built near McGhee Tyson Regional Airport.

Two anchor tenants have committed to an industrial park on the campus of Oak Ridge National Laboratory. It will be the nation's first technology park located at a national laboratory.

In San Antonio, more than 4,000 jobs were created in 2006, not including the new Toyota assembly plant that began operations in November. That project alone will create more than 2,000 direct jobs and more than 2,000 indirect jobs from suppliers setting up operations near the facility.

Microsoft will invest \$1 billion during the next 10 years to build a data center in San Antonio, the culmination of yearlong site location search by the company.

Initially, the company will invest \$550 million and create 75 jobs when the facility becomes operational within the next two years.

Mario Hernandez, president of the San Antonio Economic Development Foundation, said the project will attract numerous Microsoft vendor expansion projects to the metro.

"The Microsoft decision means that San Antonio will continue to be at the forefront of the Internet boom and the cutting edge of technology," Hernandez said.

The city of San Antonio has approved nearly \$26 million in incentives for the project, including a 10-year, 100 percent tax abatement worth \$20.7 million.

Another key announcement in San Antonio came from Sino Swearingen, which is building a 200,000 square foot facility to manufacture a new corporate jet — the first new corporate jet to receive FAA approval in 40 years. The company will invest \$25 million and hire 850 workers.

"Sino Swearingen will continue a strong trend in San Antonio by adding more manufacturing jobs and the strong growth we have seen in our aerospace industry," Hernandez said.

Part of the Recruitment Strategy

Nashville, Tenn., continues to be an attractive location for expanding and relocating companies across a variety of industries.

In May, Gateway announced it will open a configure-to-order manufacturing facility in La Vergne. The new plant will assemble desktops, notebooks and servers, as well as provide custom integration and software imaging services.

Soon thereafter, Dell announced that it will add 1,000 sales and technical support jobs to its Nashville operations. The expansion will increase Dell's work force in Middle Tennessee to 4,500.

Mars Petcare U.S., which formed when Mars Inc.'s pet food division merged with Doane Pet Care (based in suburban Brentwood), announced that it would relocate 100 corporate and research and development jobs to Nashville from Los Angeles.

Expansion plans include construction of a new research and development facility, which would add another 50 jobs.

Nissan North America relocated its corporate headquarters to the metro last year. It is currently in an office in downtown Nashville, while its state-of-the-art corporate campus is built in suburban Franklin.

Nissan already has a strong presence in the Nashville metro, with facilities in Decherd and Smyrna. The Smyrna facility was Nissan's first in North America and celebrated its 26th anniversary in February.

In the years since then, the Smyrna plant has played an important role in the automotive industry, in the South's development as an automotive center and in Middle Tennessee's economic landscape.

The facility represents a \$2.1 billion investment and has expanded to 5.4 million square feet. Nissan employs 6,700 workers, with 2,400 contract and on-site suppliers.

"Without question, Nashville's economic development success has everything to do with giving site consultants the information and tools they need to assess Middle Tennessee's competitive advantages," said Carlyle Carroll, vice president of economic development for the Nashville Area Chamber of Commerce.

Having strong relationships with site location consultants is the cornerstone of the recruitment strategy for the Chattanooga Area Chamber of Commerce, because they handle most major projects.

"Our strategy is to provide a one-stop, turnkey solution for consultants gathering information about the Chattanooga region and to make sure that both site selectors and their client-companies have a great experience during all phases of the process," said Trevor Hamilton, chief economic development officer for the Chattanooga Area Chamber of Commerce.

When T-Mobile revealed its plan to invest \$16 million to establish a state-of-the-art customer service center in Chattanooga, the announcement was the result of a competitive recruitment process during which the Chattanooga Chamber worked closely with consultants at The Staubach Company for more than a year.

T-Mobile's aggressive schedule included a six-month construction deadline and plans to have more than 800 workers hired and trained within a year of the announcement.

Chattanooga won the project through the coordinated efforts of more than 30 elected officials, utility providers, economic development organizations and work force training institutions, with the Chattanooga Chamber acting as the project manager.

After the initial announcement, the same team continued to work the project. The city and county fast-tracked the building permits, the work force development team put together a plan for effectively supporting the company's hiring process, and chamber officials continued to coordinate efforts and address issues.

As a result, T-Mobile met its construction and hiring deadlines.

"We had a very strong pool of applicants, and the results from our training and testing have been fantastic," said Charlene Morgan, general manager of T-Mobile's Chattanooga Center.

Getting Consultants To Take Another Look

In the Richmond, Va., metro, about 40 percent of the "deal flow" comes from national site

location consultants and the brokerage community. The consultants' clients are usually the blue chip companies that value the professional services these firms provide before they spend millions of dollars on a new or expanded location, said Greg H. Wingfield, president and CEO of the Greater Richmond Partnership.

"I believe the region gets this keen attention because we make it a priority to quickly and professionally respond to the consultants' inquiries," he said.

MeadWestvaco Corp., a Fortune 500 global packaging company, announced in February 2006 that it would move its corporate headquarters from Stamford, Conn., to the Richmond metro. The announcement was the culmination of a site location process that involved countless hours by a range of participants in business and government during an 18-month period.

MeadWestvaco's selection of Greater Richmond is an example of the many things that can be achieved through collaborative efforts, state and local, public and private, Wingfield said.

The Greater Richmond Partnership and Virginia Economic Development Partnership responded to numerous requests for information from the consultants and MeadWestvaco. The Richmond area was initially eliminated by consultants because of the metro's lack of direct international flights and the high cost of air service at the Richmond International Airport (RIC).

The Greater Richmond Partnership and local business leaders addressed these concerns by continuing long-term efforts to attract low-cost airlines. The partnership and local leaders simultaneously worked to recruit two low-cost airlines while working to recruit MeadWestvaco. Greater Richmond Partnership staff followed up with consultants to discuss Richmond's proximity to Dulles International Airport in Northern Virginia.

Dulles is Richmond's "gateway to the world." There are eight daily flights between Richmond and Dulles. There is also car service to Dulles, which is about 90 miles from Richmond.

Geographically, it is no different than airports in certain large cities, where traffic congestion and remote locations require longer drives, Wingfield said.

Armed with this additional information, the consultants reconsidered Richmond. (The long-term efforts of the Greater Richmond Partnership and local business leaders to bring low-cost airlines to Richmond paid off. AirTran Airways began service at RIC in June 2005 and JetBlue Airways began service at RIC in March 2006.)

The new headquarters will consolidate MeadWestvaco's U.S. corporate locations and administrative functions (previously in four other locations around the country) and will result in an estimated 400 new jobs.

New employees will join 200 existing MeadWestvaco employees working in a facility in Chesterfield County that, thanks to the announcement, will be able to retain their jobs.

The company selected a temporary location in Richmond and began moving employees to the area in mid-2006.

In November, MeadWestvaco announced its permanent location — downtown Richmond. Construction of a new office building along the riverfront will begin this year and is expected to be completed by mid-2009.

Critical To Attracting Companies

The Phoenix metro maintains a good reputation among site location consultants, believing it critical to attract companies, said Barry Broome, president and CEO of the Greater Phoenix Economic Council (GPEC).

In September, California based Marvell Electronics expanded operations into Chandler, Ariz., in the Phoenix metro. The company will create 400 jobs in the \$5 million investment. Marvell will build a 123,000 square foot facility.

Covance, a New Jersey-base drug development services companies, will also expand operations in Chandler with a 300,000 square foot facility. The company will create 500 jobs

as a result of the project.

"We want to make sure [consultants] think of Greater Phoenix when helping their clients select a site and use us as a resource to obtain the information they need," Broome said.

Flagstaff, Ariz., is also building a life sciences cluster. A new facility, opened last year in a collaborative effort between Phoenix-based Translational Genomics Research and Northern Arizona University in Flagstaff, is studying the genetic makeup of disease-causing pathogens in an effort to develop faster diagnostic tests.

The Pittsburgh metro also takes its relationship with consultants seriously.

"Site selectors are a very important source of qualified project leads for the Pittsburgh region," said Dewitt Peart, executive vice president of economic development for the Allegheny Conference on Community Development. "In every case, we strive to provide the information and services necessary to win the deal.

Parametric Technology Corporation (PTC) will locate their on-shore product development solutions center in Uniontown, Pa., in the Pittsburgh metro. PTC will create 125 engineering jobs.

Boston-based PTC develops, markets and supports software solutions that assist business and government organizations improve the competitiveness of their products and product development processes.

"This is the most significant company project for downtown Uniontown and Fayette County in many years," said Mike Krajovic, president and CEO of Fay-Penn Economic Development Council. "PTC is a great addition to the growing cluster of advanced technology companies that have made their homes in the county."

Across Pennsylvania, the Philadelphia metro is building on its cluster of pharmaceutical companies. That cluster, in part, helps attract foreign pharmaceutical companies to the metro.

Lundbeck USA, a subsidiary of Denmark-based Lundbeck, will base its U.S. commercial headquarters in the Philadelphia metro. Lundbeck estimates hiring more than 300 employees nationwide during the next several years, with 50 to 75 employees in the Philadelphia metro.

"We evaluated several potential locations," said Patrick Cashman, president of U.S. Sales and Marketing Operations for Lundbeck. "Greater Philadelphia was the most attractive because of the proximity to key talent, a community of pharmaceutical leaders and a state government that cares about the life sciences."

Thomas G. Morr, president and CEO of Select Greater Philadelphia, which markets the region nationally and globally, said consultants remember the communities that provide quality information on a tight deadline.

"Corporate site consultants evaluate communities to secure the best fit for their client's business needs," he said. "Economic development groups like Select Greater Philadelphia that provide reliable data, market insight and business community connections help consultants and their clients succeed. It's an economic win-win."

Orlando is also attracting life sciences projects.

The Burnham Institute for Medical Research, a nonprofit medical research facility focused on therapies for cancer, chose Orlando for its East Coast operations. Burnham plans to create 300 research jobs and build a 175,000 square foot facility within the next few years.

The facility will anchor the region's new "Medical City," which will also include the University of Central Florida's new medical school, a just-announced University of Florida medical research lab and a proposed VA hospital.

Also nearby will be a new \$6 million, 35,000 square foot Emergency Medicine Learning & Resource Center, which will provide training for emergency care personnel and first responders, as well as research and development in emergency medicine, disaster management and public health. The facility should be complete by next year.

Expansion projects are also occurring in Jacksonville, including Prudential Financial, which will expand call center and policy operations. The company will add 55 jobs to its current work force of 650 in the metro.

"The expansion of Prudential's work force is another demonstration of the success the city is having in attracting and maintaining well-paying jobs," said Jacksonville Mayor John Peyton. "Part of this success can be attributed to the company's location in an enterprise zone and the creation of new jobs and economic revitalization in that area."

Financial incentives are available to businesses located in the enterprise zone.

Making Sure There Is Understanding

The Louisville, Ky., metro uses site location consultants to garner its share of expansion projects

"It is critically important, in this competitive environment, that site consultants have a thorough understanding of what our community offers and the high level of service they can expect when working on a project in Louisville," said Eileen Pickett, senior vice president of community and economic development for Greater Louisville Inc. "We work hard on developing those relationships and consider doing so a priority to our economic development efforts."

One of our most noteworthy expansion projects in Louisville in 2006 was the announcement of the expansion of UPS Worldport. The \$1 billion-plus investment will create more than 5,000 jobs.

The project will expand the company's current activities of loading, unloading, sorting and distributing of packages, increasing its sorting capacity and ability to handle more volume.

Nearly 1.1 million square feet will be added to the company's existing facility, while another 334,500 square foot space will be renovated with new technology and equipment.

Additionally, several ramps at the Louisville International Airport will be built or altered bringing a total increase of slightly more than 3 million square feet.

Atlanta has been a perennial Hot City and 2007 is no different.

Italy-based System Ceramics, which manufactures and distributes equipment for the tile manufacturing industry, chose the Atlanta metro for its first U.S. facility to house its headquarters, sales and service center. System Ceramics purchased a 20,000 square foot facility in south Forsyth County and began operations earlier this year.

The state of Georgia is currently home to more than 60 Italian companies, including Alitalia Cargo, Pirelli, Sebach and Motovario.

"Atlanta is a very strategic area for our business as it is easily accessible for our customers," said Valte Cappellini, general manager of System USA. "This new branch will be of great support for our customers, and it will help us expand on the U.S. market."

Other Hot City Expansions

Mississippi Structural Insulated Panels Inc. launched operations in a 55,000 square foot facility late last year in Citronelle, Ala., in the Mobile metro. The company began production with 15 employees and expects to have between 30 and 40 employees when full capacity is reached.

The company, based in Gulfport, Miss., chose Citronelle because of its proximity to Mississippi.

"We found this warehouse, and it met all of our needs for the company," said Tommy Teel, co-owner of Mississippi Structural Insulated Panels.

The Birmingham metro is home of numerous manufacturing expansions, including a massive capital investment from Jenkins Brick Co. The company built a \$43 million plant in Moody.

The state-of-the-art facility, with 85 employees, will use advanced robotic components that will improve efficiency and safety in the manufacturing process.

One of the high-tech hotspots in the country is Austin, Texas, boosted by the University of Texas and Austin Community College. The metro will be home to The Southwest Academy of Nano-Technology, a research center funded by the National Science Foundation and the Semiconductor Research Corp.

It is part of a \$4 million nanotechnology work force initiative launched by the state of Texas and led by Austin Community College.

Embria Health Sciences expanded its operations in the Des Moines, Iowa, metro. The company will receive an incentive package from the state of Iowa, including \$140,000 from the Community Economic Betterment Account and tax benefits from high-quality job creation.

Without question, a good working relationship is vital between cities and site location consultants. For those on the America's 50 Hottest Cities list, they prove how important that relationship is.

That's because perception can be the deciding factor in which city lands that expansion or relocation project.

"When it comes to business recruitment and retention, you've got to have two things to be successful — a good product and good relationships with site consultants," the Nashville Area Chamber's Carroll said.

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